(c) whether any proposal has been received from the Union Minister for Civil Supplies regarding the State-owned Corporations for income-tax; and

(d) if so, what action has been taken by Government in the matter?

THE MINISTER OF STATE IN THE DEPARTMENT OF REVENUE IN THE MINISTRY OF FINANCE (SHRI AJIT PANJA): (a) Yes, Sir.

(b) Income-tax is leviable on the income of all State-owned and Centre-owned Corporations unless their income is exempted under certain specific provisions of the ttncome-tax Act or any other Act.

(c) No, Sir. However, the Union Minister of Commerce has forwarded a proposal for granting exemption from income-tax to the Andhra Pradesh State Civil Supplies Corporation and the Andhra Pradesh State Essential Commodities Corporation.

(d) The contentions of the two Corporations regarding their claims exemption from income-tax have not been found legally tenable.

Reduction of interest rate on loans for public distribution system

780. SHRI YALLA SESI BHU-SHANA RAO: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that commercial banks have been charging 17 per cent interest on the loans taken by the Civil Supplies Corporation, Essential Commodities Corporation and Fair Price Shop dealers in Andhra Pradesh treating the loans as commercial advances; and

(b) whether there is any proposal with the Government to reduce interest rate for the loans taken for Civil Supplies purposes to make the Pubhc Distribution System cheaper?

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHR1T EDUARDO FA-LEIRO): (a) and (b) The interest rate chargeable by Scheduled Commercial banks on advances to public procurement and distribution agencies as prescribed by the Reserve Bank of India vary from 14 per cent to 15.5 per cent per annum. The rate of interest on advances to Central and State Government agencies for undertaking procurement and distribution of commodities on a commercial basis will, however, be 16 per cent per annum.

The rates of interest mentioned above are effective from October 10, 1988 and there is no proposal to reduce these rates.

Borrowing from Abroad

781. SHRI YALLA SESI BHU-SHANA RAO: Will the Minister of FINANCE be pleased to state:

(a) how much amount has been borrowed by Government from various countries and the World Bank a_s on 1st October, 1988;

(b) what is the rate of interest for the amounts borrowed from each country and the World Bank; and

(cj how much interest is being paid by Government per annum on such borrowed amounts?

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FA-LEIRO): (a) The total amount borrowed on Government account from various countries] Institutions, including the World Bank as on 31st March, 1988 is Rs. 34945.47 crores as determined at the exchange rates prevailing from time to time. Information as on 1st October, 1988 is not available as the accounts for the period are not yet finalised.

(b) The rate of interest varies from loan to loan and donor to donor. However a Statement showing ranges of percentage of interest charged is attached. (See below).

(c) The amount of interest paid on Government Account during the last three years is a_s follows: